

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04

SIL-01 SAJ-01 /081 W

----- 026167

R 141743Z MAY 76

FM AMEMBASSY BONN

TO SECSTATE WASHDC 8918

INFO USMISSION OECD PARIS

USMISSION EC BRUSSELS

AMEMBASSY LONDON

AMEMBASSY ROME

AMEMBASSY PARIS

AMEMBASSY VIENNA

AMEMBASSY BERN

C O N F I D E N T I A L SECTION 01 OF 03 BONN 08301

DEPARTMENT PASS TREASURY AND FRB

E.O. 11652: GDS

TAGS: EFIN, GW

SUBJECT: EMBASSY 1976 GERMAN CURRENT ACCOUNT FORECAST.

1. FIRST QUARTER STATISTICS ON GERMAN 1976 BALANCE OF PAYMENTS SHOW GERMAN TRADE TO BE GAINING STRONGLY FROM RELATIVELY DEPRESSED CONDITIONS (FOR GERMANY) IN 1975. COMPARED TO THE SAME PERIOD A YEAR AGO, 1976 FIRST QUARTER EXPORTS ARE UP NOMINALLY BY 14.6 PERCENT AND IMPORTS BY 23.0 PERCENT.

MOST FACTORS, LEAD US TO BELIEVE THAT THE TREND IN EXPORTS IN THE FIRST QUARTER WILL CONTINUE AS THE YEAR PROGRESSES. PRIMARY AMONG THESE IS  
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THE GENERAL WORLD-WIDE ECONOMIC RECOVERY. ON THIS BASIS

WE BELIEVE THE CURRENT ACCOUNT MIGHT DEVELOP ON THE  
FOLLOWING LINES:

1976 GERMAN CURRENT ACCOUNT  
(DM BILLION)

|                  | 1975  | 1976       | PERCENT<br>CHANGE |
|------------------|-------|------------|-------------------|
| EXPORTS (F.O.B.) | 221.6 | 257.8      | 16.3              |
| IMPORTS (C.I.F.) | 184.4 | 220.0      | 19.3              |
| TRADE BALANCE    | 37.2  | 37.8       |                   |
| TRADE ADJUSTMENT | -2.1  | -(1.0-2.0) |                   |
| SERVICES         | -8.8  | -9.3       |                   |
| TRANSFERS        | -17.0 | -18.2      |                   |

BALANCE ON  
CURRENT ACCOUNT 9.2 8.8

COMPARISON OF 1ST QUARTER 1975-1976  
(DM BILLION)

|                             | 1ST QUARTER<br>1975 | 1ST QUARTER<br>1976 | PERCENT<br>CHANGE |
|-----------------------------|---------------------|---------------------|-------------------|
| EXPORTS (F.O.B.)            | 52.7                | 60.4                | 14.6              |
| IMPORTS (C.I.F.)            | 42.1                | 51.8                | 23.0              |
| TRADE BALANCE               | 10.5                | 8.5                 |                   |
| TRANSIT TRADE<br>ADJUSTMENT | -0.3                | 0.2                 |                   |
| SERVICES                    | -1.3                | -1.9                |                   |
| TRANSFERS                   | -3.8                | -4.1                |                   |

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BALANCE ON  
CURRENT ACCOUNT 5.1 2.7

2. EXPORTS: THE 1976 FORECASTED TOTAL EXPORT FIGURE OF  
DM 260.0 MILLION IS LARGELY BASED ON A TREND TOWARD  
RECOUPING AT LEAST A PART OF GERMANY'S HISTORICAL  
SHARE IN THE LATE 60'S AND EARLY 70'S OF TOTAL WORLD

EXPORTS.

GERMAN SHARE OF WORLD EXPORTS

-----  
1960 1965 1969 1970 1971 1972 1973 1974 1975  
-----  
10.1 10.9 12.0 12.3 12.3 12.7 12.8 11.4 11.3

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INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04

SIL-01 SAJ-01 /081 W  
----- 026280

R 141743Z MAY 76  
FM AMEMBASSY BONN  
TO SECSTATE WASHDC 8919  
INFO USMISSION OECD PARIS  
USMISSION EC BRUSSELS  
AMEMBASSY LONDON  
AMEMBASSY ROME  
AMEMBASSY PARIS  
AMEMBASSY VIENNA  
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C O N F I D E N T I A L SECTION 02 OF 03 BONN 08301

3. OUR PROJECTION INCORPORATES A NOMINAL GROWTH IN  
WORLD EXPORTS OF 10 PERCENT AND A GERMAN SHARE OF 11.8  
PERCENT.

4. INFLUENCING OUR JUDGEMENT CONCERNING THE GROWTH OF

GERMANY'S SHARE IN WORLD EXPORTS WAS THE ABOVE MENTIONED ECONOMIC RECOVERY AND THE FACT THAT THE PERCENTAGE OF GERMAN EXPORTS TO ITS TRADITIONAL TRADING PARTNERS DECLINED SIGNIFICANTLY IN 1974/5. SPECIFICALLY, PERCENT OF EXPORTS GOING TO THE EC AND EFTA GROUPS AND THE US WAS IN EXCESS OF 71 PERCENT IN BOTH 1972 AND 1973, BUT FELL TO 67 PERCENT AND 64 PERCENT IN 1974 AND 1975, RESPECTIVELY. THIS TREND SHOULD NOW BEGIN TO REVERSE AS IS INDICATED BY EXPORT FIGURES WHICH SHOW THAT THROUGH

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FEBRUARY 1976, EXPORTS TO THE ABOVE COUNTRIES INCREASED TO 67 PERCENT OF TOTAL GERMAN EXPORTS AS OPPOSED TO 64.7 PERCENT THROUGH FEBRUARY OF 1975. FURTHER, EXPORTS TO CENTRALLY-PLANNED ECONOMIES AND OPEC COUNTRIES, WHICH TOOK ON ADDED IMPORTANCE IN THE PRECEDING TWO YEARS, HAVE NOT DECLINED BY THE MAGNITUDE EARLIER PREDICTED. GERMAN FIRST QUARTER 1976 TRADE WITH THE EAST IS REPORTED IN BONN 8014.

5. IMPORTS: IMPORT ESTIMATE FOR 1976 IS BASED ON THE RELATIONSHIP BETWEEN GNP AND IMPORTS. THIS RELATIONSHIP HAS DEVELOPED AS FOLLOWS:

PERCENT OF GNP (DM BILLION)

-----  
1971 1972 1973 1974 1975  
-----

IMPORTS/GNP 15.8 15.5 15.7 18.1 17.8

6. EMBASSY FORECAST, DM 220.0 BILLION, RESULTS IN A SIGNIFICANT INCREASE IN THE IMPORT/GNP RATIO. THIS RELATIVELY HIGH RATIO, COMPARED TO PREVIOUS YEARS, IS SELECTED ON (1) THE PERFORMANCE OF IMPORTS IN THE FIRST QUARTER OF 1975, (2) EXPECTED REBUILDING OF INVENTORY LEVELS DURING THE REMAINDER OF THE YEAR, AND (3) AN ASSUMPTION THAT IMPORT PRICES WILL CONTINUE TO SHOW RISES IN THE REMAINING 9 MONTHS OF 1976.

7. SERVICES: PROJECTION OF EXPORTS AND IMPORTS OF SERVICES FOLLOW:

EXPORTS

-----

1974 1975 1976  
(EST)

-----  
TRAVEL 6.0 7.1 8.0  
TRANSPORTATION 12.9 13.4 13.9

|                   |      |      |      |
|-------------------|------|------|------|
| INSURANCE         | 1.4  | 1.6  | 1.8  |
| INVESTMENT INCOME | 12.8 | 12.6 | 12.8 |

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|                |      |      |      |
|----------------|------|------|------|
| GOV'T PAYMENTS | 7.8  | 8.3  | 8.8  |
| OTHER 1/       | 7.8  | 9.9  | 11.0 |
|                | ---- | ---- | ---- |
| TOTAL          | 48.7 | 52.9 | 56.3 |

1/ INCLUDES: COMMISSION FEES, PUBLICITY AND TRADE  
FAIRS, LICENSES, PATENTS, PERSONAL SERVICES,  
ETC.

#### IMPORTS

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|                   |      |        |           |
|-------------------|------|--------|-----------|
|                   | 1974 | 1975   | 1976      |
|                   |      | (EST)  |           |
|                   | ---- | ----   | ----      |
| TRAVEL            | 18.2 | 20.8   | 22.0      |
| TRANSPORTATION    |      | 6.8    | 7.3 7.8   |
| INSURANCE         | 1.6  | 2.0    | 2.4       |
| INVESTMENT INCOME |      | 13.0   | 11.7 11.5 |
| GOV'T PAYMENTS    |      | .9 2.1 | 2.3       |
| OTHER SERVICES 1/ |      | 14.9   | 17.8 19.6 |
|                   | ---- | ----   | ----      |
| TOTAL             | 56.4 | 61.7   | 65.6      |

L/ INCLUDES: COMMISSION FEES, PUBLICITY AND TRADE  
FAIRS, LICENSES, PATENTS, PERSONAL SERVICES, ETC.

8. TRANSFERS:

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ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

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SIL-01 SAJ-01 /081 W

----- 026218

R 141743Z MAY 76

FM AMEMBASSY BONN

TO SECSTATE WASHDC 8920

INFO USMISSION OECD PARIS

USMISSION EC BRUSSELS

AMEMBASSY LONDON

AMEMBASSY ROME

AMEMBASSY PARIS

AMEMBASSY VIENNA

AMEMBASSY BERN

C O N F I D E N T I A L SECTION 03 OF 03 BONN 08301

## TRANSFERS BALANCE

(DM BILLION)

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|              | 1974   | 1975   | 1976          |
|--------------|--------|--------|---------------|
|              | ----   | ----   | ----          |
| RECEIPTS     |        | 5,057  | 4,930 5,367   |
| EXPENDITURES |        | 21,410 | 21,935 23,602 |
|              | -----  | -----  | -----         |
| NET          | 16,353 | 17,005 | 18,235        |

## 9. STRAIGHT LINE PROJECTIONS:

## RECEIPTS

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|                   | 1974 | 1975  | 1976           |
|-------------------|------|-------|----------------|
|                   | ---- | ----  | ----           |
| TOTAL LST QUARTER |      | 1,475 | 1,445 1,571    |
| LST QUARTER/YEAR  |      | 29.2  | 29.3 29.3 1/   |
| TOTAL YEAR        |      | 5,057 | 4,930 5,367 1/ |

1/ ESTIMATED

EXPENDITURES (DM MILLION)

-----

|                   | 1974 | 1975   | 1976             |
|-------------------|------|--------|------------------|
|                   | ---- | ----   | ----             |
| TOTAL LST QUARTER |      | 5,063  | 5,210 5,624      |
| LST QUARTER/YEAR  |      | 23.6   | 23.8 23.8 1/     |
| TOTAL YEAR        |      | 21,410 | 21,935 23,602 1/ |

1/ ESTIMATED  
HILLENBRAND

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** DATA, BALANCE OF PAYMENTS, QUARTERLY REPORTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 14 MAY 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** ShawDG  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D760188-0050  
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**Legacy Key:** link1976/newtext/t19760555/aaaabuyd.tel  
**Line Count:** 342  
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**Office:** ACTION EUR  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
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**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** ShawDG  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 30 MAR 2004  
**Review Event:**  
**Review Exemptions:** n/a  
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Margaret P. Grafeld  
Declassified/Released  
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04 MAY 2006

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**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** EMBASSY 1976 GERMAN CURRENT ACCOUNT FORECAST.  
**TAGS:** EFIN, GE  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006